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(Communique)

LOCAL GOVERNMENT

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LOCAL GOVERNMENT.

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1. While the Government appreciates the care which the Reforms Committee has devoted to the problems of Local Government in Chapter IV of its Report, and the valuable recommendations there made, it feels nevertheless that the Chapter, and in particular Section I of the Chapter, fail to depict the full measure of the progress which has been achieved in the development of Local Government in the Dominions particularly during the last decade. Nor does the Report give a clear or sufficiently detailed account of the gradual development of Local Government institutions in these Dominions.

2. Actually the beginnings of Local Government in the Hyderabad State outside the city municipality may be seen in the levy in 1297 Fasli of a local cess in all *khalsa* districts at the rate of 1 anna on every rupee of land revenue. In 1298 Fasli rules were promulgated for the control and expenditure of the local fund collected by means of this cess in the form of a *Dastur-ul-amal* or Regulation. This Regulation set up three kinds of boards for the control of local fund, a Taluq Board at the headquarters of each taluq other than the headquarters of the district, a District Board at the headquarters of each district and a Central Board or Sadar Majlis at the headquarters of the Government. The Central Board was soon abolished as it was found to be of no practical value.

3. In its original form the *Dastur-ul-amal* allocated the proceedings of the one anna cess as follows:—

4 pies for the remuneration of village police;

2 pies for education;

2 pies for road cess;

and 4 pies for general improvements (*rifah-i-am*).

A Firman-i-Mubarak received in 1327 F., however, abolished the allocation to the village police and imposed upon general revenues the burden of paying the dues

under this head to *seth-sindhis*. Subsequent orders reallocated the funds as follows:—

7 pies for general improvements, (*rifah-i-am*);

3 pies for education;

and 2 pies for medical relief and public health.

4. The *Dastur-ul-amal* provides that each District and Taluq Board should consist of equal numbers of State officials and nominated non-officials, with the 1st Taluqdar as *ex officio* President or Mir Majlis of the District Board and the Second Taluqdar or Tahsildar as *ex officio* Mir Majlis of the Taluq Board. To begin with non-official membership of these boards was practically confined to persons living at the district or taluq headquarters as the case might be, with the consequence that the boards failed to realise that their main function was to administer income derived from the cess paid by villagers in the interests of the villagers. In 1343, however, Government in the Local Fund Department issued instructions that so far as possible representatives of the villagers should be nominated to the Taluq Boards and that the non-official members of the District Boards should as far as possible be selected from the non-official members of the Taluq Boards. Thus as from 1344 F. the non-official members of District and Taluq Boards have for the most part been representatives of rural interests.

5. Meanwhile in 1309 F. Government secured the enactment by the Legislative Council of the Hyderabad Local Cess Act No. VI of 1309 F. (subsequently amended by Acts Nos. I of 1317, IV of 1319 and I of 1343 F.), "to legalise the levy of local cess whenever necessary." The object of this Act was to provide for the beginnings of municipal administration in towns, and it empowered Government in any town with a population exceeding 5000 or in the headquarters of a district to create a "*Mailis-i-safai*" by notification on the recommendation of the local board. In actual fact several of the taxes legalized by this Act had been levied in towns from time immemorial. The Act did not lay down any constitution for the *Mailis-i-safai* which was to administer each town, but gave Government under Section 16 a general rule-making power in regard to the taxes leviable and in regard to the administration of the towns.

6. Some confusion may arise and has arisen in the past from the inaccuracy of the English translation of the Local Cess Act, in which the term "*Majlis-i-safai*," which literally means "*sanitation committee*," was mistranslated "municipality," of which the strict meaning is "the town area administered by a municipal body." Local taxes continued to be levied in certain towns, nominally under the Local Cess Act, but without any notification under Section 2 of the Act, while in some towns, whether thus notified or not, where taxes were levied, the funds thus realised were not administered by a *Majlis-i-safai* created under Section 2, but the District Board or the Taluq Board was entrusted with the task of administering the municipal funds. To this day, in fact, the District Board continues to work as Town Committee for 9 district headquarter towns, and the Taluq Boards for 34 taluq headquarter towns and a few other small towns.

7. So long as, in the circumstances explained above, non-official membership of District and Taluq Boards was mainly confined to persons living at headquarters of districts and taluqs, a District or Taluq Board acting as *Majlis-i-safai* for a town consisted almost entirely of residents of the town concerned, and so far from neglecting the interests of the towns paid more attention to them than to the interests of the villages. In fact the town committee functions of Taluq Boards are now the chief functions discharged by those boards. The consequence was that not only were the funds collected in the towns spent on the towns, but also large grants were made to the towns out of the general local funds collected from the villages by means of the one-anna cess on the land revenue. In fact until 1338 F. one budget only was prepared for the whole district, towns and villages alike. The net result was that whatever was spent was spent on the towns, while, as the engineering executive of the local bodies was very weak, much of the money that was collected was not spent at all, a state of affairs which, though deplorable at that time, has had the subsequent advantage that each District Board and several municipalities and towns now have behind them substantial reserves.

8. In 1338 F. Government took steps to separate the district and town funds and to apportion the accumu-

lated balances between them. Separate Municipal Committees or *Majalis-i-safai* were not created until 1344 F., since when rules for major municipalities have been promulgated under Section 16 of the Local Cess Act, and rules for minor municipalities or town committees (*Majalis-i-safai-i-qazba*) have been promulgated for towns that were not district or tahsil headquarters, while rules were under preparation for committees for tahsil and district headquarter towns which were not big enough to be constituted major municipalities when the Reforms Committee began its work. The 8 towns of Warangal, Gulbarga, Aurangabad, Jalna, Latur, Nander, Nizamabad and Raichur had been made major municipalities and have at present Municipal Committees (*Majalis-i-safai*) consisting of 5 official members and from 9 to 15 non-official members according to the population of the town. The creation of *Majalis-i-safai-i-qazba* has been sanctioned in 14 small towns which are not taluq headquarters, such as Sailu, Umri, Parli and Sadasheopet; until the creation of these *majalis*, the Taluq Boards continued to administer such towns. The rules have provided that in the larger towns one-third of the nominated non-officials should vacate office every year, so as to secure as many citizens in as short a time as possible with experience of municipal administration. In all at present Local Cess Act taxes are levied and town budgets prepared in 65 towns, excluding Hyderabad City. Of these 8 are administered by Municipal Committees, and 34 by Taluq Boards thus functioning, while orders have been issued for separate Town Committees for the other 14.

9. Government has in fact for several years had before it the ultimate ideal of having an elected element in the local bodies (as it actually provided in the Hyderabad Municipal Corporation and foreshadowed in Section 4 of the Dastur-ul-amal of 1298 Fasli); but as the future electorate had no political consciousness and there were few educated persons with enough administrative or practical experience to fit them for membership of local bodies, the only safe course up to now has been the policy actually adopted of nominating as many non-officials as possible to be members of local bodies so as to train them in the work of local government before introducing any element of election.

10. The Reforms Committee have rightly devoted much attention to the question of *panchayats*. There is at present no Panchayat Act in the Dominions, and there has been no formal recognition of any bodies as village *panchayats*. Castes and tribes still continue in the more backward parts of the Dominions to have their traditional *chaudhris* and *panchayats*. The question of establishing formal village *panchayats* had been before Government for some years, and much material had been placed on record as to the constitution and powers of these institutions in other parts of India. Here too a Bill was under draft before the Reforms Committee submitted its report. Mention must here be made of the successful working in various districts, particularly Nizamabad, of rural reconstruction societies registered under the Co-operative Societies Act in many villages. Generally speaking membership of these societies is open to all householders in the village concerned who pay a small entrance fee of about O.S. Re. 0-8-0 and an annual subscription of about Re. 0-4-0. The members of this society select a managing committee at a village meeting in which there is no formal election procedure but under the guidance of the Revenue or Co-operative Officer present the villagers are induced to suggest as members representatives of the chief interests and communities in the village. Some of these societies have done admirable work in improving the villages, in settling civil disputes and conciliating debts or in establishing seed banks. As they represent a natural and spontaneous growth, provision is being made in the Panchayat Regulation that is to form part of the new constitution that a Rural Reconstruction Society, the subscribing membership of which comprises half or more of the householders of the village, may be recognised as the statutory *panchayat* of the village.

11. In Jagir areas, under which term are here included all estates and villages which are not Diwani or Sarf-i-Khas, no formal local government institutions have yet been created, although by special orders portions of two jagirs have been included in the towns of Jalna and Khammamet. Local cess has, however, been collected by the Jagirdars in villages which have been surveyed and settled. The funds thus collected have been spent by the Jagirdars or their officers under the

orders of the Jagirdars, and there has been no control over the expenditure by Government, nor have the people from whom it was collected had any voice in its disposal. In actual fact, whenever an estate has been under the management of the Court of Wards or the Revenue Department, care has been taken to see that local funds are managed and spent on the principles applicable to Diwani areas; in the Peddapalli taluq of the Shivraj Estate, for example excellent improvement schemes have been carried out from the Jagir local funds in recent years. Many improvements have similarly been effected in Wanaparti, Gadwal and other estates.

12. The *Firman-i-Mubarak* mentioned in para. 4 above was of general application throughout the State and, therefore, governs the allocation of the local cess collected by Jagirdars in surveyed and settled estates. Actually, however, most Jagirdars have continued to apply one-third of the cess towards the village police or *seth-sindhis*. Thus, in practice, 8 pies only out of the one anna cess has been available in most jagirs for local fund improvements, and much even of this has not been actually spent on works or services which would benefit the ryots from whose pockets it has come. It must now be clearly recognized, and Government is glad to understand that Jagirdars generally have realised, that in future the full one anna cess in jagir areas must be contributed to the District, Ilaqa or Jagir Board as the case may be.

13. The control of District Boards and *Majalis-i-safai* has rested with the First Taluqdars of districts in their capacity as *ex officio* Presidents of the District Boards and headquarters municipalities or as superior officers of Second Taluqdars or Tahsildars who have been *ex officio* Presidents of Taluq Boards and *mofussil* town committees. The First Taluqdar has always been subjected to the control of the Subedar, and the Subedar to that of Government in the Local Fund Department. The local bodies have had few officers of their own, and in general have worked through the regular district establishment of Government. In recent years a service of Local Fund Engineers has been organised, appointed by the Government and subject to the Government in matters of discipline, conditions of service, transfer,

etc., but paid by the local body to which Government has appointed them for the time being. Over these Local Fund Engineers there is now a Divisional Local Fund Engineer in each Subah, and the latter is subject to the control of a Special Engineer with the rank of Superintending Engineer attached to the Local Fund Department in Hyderabad. Attached to the latter's office is a Town Planning Officer and Architect. The pay of the Special Engineer, the Town Planning Officer and Architect and the Divisional Engineers and of their establishments is pooled among the funds of the various District Boards of the Dominions. A scheme has also been sanctioned for a cadre of wholetime paid Secretaries of District Boards, who will also be Secretaries of the Municipal Committee of the district headquarters town, but has not yet been put into force, although the first selections have been made. Each town with a population of 10,000 or more has also a Sanitary Inspector paid by a grant to the Municipal Committee from Government, but liable to transfer by the Subedar from one town to another. All the executive authority of the *Majlis* is exercised in its name by the *ex officio* President, subject, of course, to the general control of the *Majlis* and of Government.

14. The local funds of each district are banked with Government treasuries. The annual budget is prepared according to rules prescribed by Government and is not valid until approved by Government. Budget rules prescribe that the expenditure shall not without the sanction of Government exceed 90 per cent. of the annual income, the savings going to swell the accumulated balances from which expenditure may be made on special schemes with the sanction of Government, allotments being made annually in the budget for this purpose. The same general principles apply to town funds, though Government has supplemented these town funds in recent years by annual grants totalling Rs. 50,000, while in 1342 Government made a non-recurring grant of Rs. 5 lakhs for town improvements such as market buildings, slaughter-houses, aqua privies, etc., and has during the present triennium given another non-recurring grant of Rs. 5 lakhs. The District Boards have been administering local communications, village improve-

ments, primary education, rural water-supply, cattle-pounds and ferries (when entrusted to them by Government), and medical relief and public health, save in so far as Government has provided dispensaries and the pay of Medical and Public Health Officers. The *Dastur-ul-amal* as amended from time to time has provided that out of the one anna cess realised by the District Board 7 pies shall be spent on *rifah-i-am* or general improvements, 2 pies on medical and public health work and 3 pies on education. In practice this has involved 3 budgets, which require the approval of Government in the Local Funds, Education and Medical Departments respectively. This has meant that the local bodies have had no effective control over the medical and educational expenditure charged to the local funds.

15. Immense progress has been made by the District Boards and Municipal Committees in improving the conditions of life in villages and towns. Modern water-supply schemes have been inaugurated in the towns of Aurangabad, Jalna, Raichur, Latur, Nander, Warangal and Osmanabad, and are under construction or investigation in other towns; for this purpose the Government in 1337 Fasli set up a Water Board and a special staff under a Superintending Engineer, with an annual grant from general revenues of Rs. 5 lakhs, from which the Water Board has made generous contributions of 75 per cent. of the cost of the schemes to the local bodies concerned; Government has advanced the remaining 25 per cent. in almost all cases as a loan to be repaid in 28 years. For water-supply in rural areas subject to famine a special Well Sinking Department has been established at the expense of Government, and the wells when completed are handed over to the District Boards for maintenance; so far almost every village in the *khalsa* famine areas of Raichur and Gulbarga districts has been provided with water in this way. In all other areas under District Boards the cost of providing village wells and water-supply is borne by local funds and much progress has been made in recent years. There has been a marked expansion in the provision of village recreation grounds and village *chauris*, the improvement of local roads and the laying-out of model villages and village improvements generally. In many towns there have been most successful slum-clearance and other

town-planning schemes, while particular mention must be made of the provision of modern markets, drainage, lighting and conservancy.

16. It will be apparent from the preceding paragraphs that Section I of Chapter IV of the Reforms Committee's Report gave a rather inadequate picture of the real progress made, especially in the last decade, in the development of local government institution in the Dominions. The substantial work accomplished by District Boards, by Taluq Boards acting as *Majalis-i-Safai* and by the younger Municipal and Town Committees, and the fact that each district and large town has now a number of non-official gentlemen with experience of local government working, constitute for the important reforms now to be announced in the field of local government a foundation which readers of the Report might well, if not reassured, have assumed to be lacking. The reconstituted Boards and Committees will begin to work on the new basis, which will be announced shortly, with all the advantages of an efficiently running administrative machinery under the guidance of local executive officers, who in future will have to work in co-operation with a leavening majority of elected colleagues and will be required to train them in the theory and practice of good local government and the art of enlightenment of public opinion.